

The Railway Question In Canada

A Speech delivered by
Sir John Willison
before the
Canadian Club of Montreal
January 31, 1921

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For half a century on this continent the clamor against railways after they have been constructed has been almost as vociferous as the clamor for railways before they were constructed. Much of this criticism was necessary; for unjust discriminations, excessive capitalization, and dubious financial manipulation disfigure the whole history of American railways. In Canada these evil practices have been far less common, but there are chapters in the story which are not happy reading. On the whole, however, there has been no excessive capitalization in the Dominion, nor any such reckless creation of railway securities by manipulation and combination as have characterized railway finance in the adjoining country. But even in the American States the agencies of transportation have been often bedevilled by senseless and interested attack, by destructive legislation, and by extreme and impracticable measures of regulation. During the first Granger agitation a Minnesota patriot declared that they would hold the railways over the mouth of h—l, and you may remember James Whitcomb Riley's description of his favorite statesman, Jap Miller, who

—in the last campaign,
Stumped old Morgan County
through the sunshine and the
rain,
And held the banner up'ards from
a-trailin' in the dust,
And cut loose on monopolies and
cuss'd and cuss'd and cuss'd.

There are still Jap Millers both in the United States and in Canada who seem to believe that railway charges have no necessary relation to cost of operation, that in proportion as wages advance and costs of equipment and supplies increase rates for the carriage of freight and passengers should be reduced, and that in a free country cursing the transportation companies is a religious duty and a patriotic obligation.

EVILS OF DUPLICATION

The Railway Question in Canada was the title of a pamphlet which I published nearly twenty-five years ago. It was not widely circulated, for it was printed and distributed at my own expense. There is nothing easier than to exhaust the resources of a journalist. After I had accepted your invitation to discuss the immediate railway situation in the Dominion I looked up this neglected child of my wayward youth. Substantially, the pamphlet is an argument for public regulation of railway charges. There are statements in the book which reveal imperfect knowledge of the subject and there are judgments which were more precipitate than profound. It was once said of a Canadian politician that he spoke with particular authority on subjects that he did not understand, and there were those who pronounced this judgment upon my somewhat confident treatment of a difficult and complex problem. But there are sentences in the

pamphlet which contain the seeds of prophecy, and in its central argument it has not been discredited by events. It was said in the pamphlet that "Canada is a country of immense distances, of length rather than breadth, and trade between the Provinces is difficult and transportation charges very burdensome." In these facts it was contended we had conclusive reasons against the rash multiplication of through roads and the consequent maintenance of needless transportation facilities. The general contention of the pamphlet was that we should not build parallel lines except as actual traffic demanded, but should construct branches to feed the through system as might be required by extension and direction of settlement, and by volume of traffic and increase of revenue enable a regulating commission to reduce charges, since "low rates and efficient service could not be secured by division of traffic and rash multiplication of the number of public carriers."

The general criticism of my pamphlet was that I was the tool of Sir William Van Horne and the subsidized agent of the Canadian Pacific Railway Company. If any such relation existed, it was not recognized by the Company; for the subsidy is still unpaid, nor has there even been any adequate recognition in free transportation. To-day there is universal agreement that we could have been wiser in railway policy, but upon no government or party, upon no section of the country or element of the population, falls all the responsibility for such errors as have been committed. When the fathers of the Mormon Church, in the wilderness of Utah, wondered if their peculiar institution could survive contact with the outside world, Brigham Young said: "It's a d—d poor religion that can't stand a railroad." In our desire for

transcontinental railways we became as polygamous as the pioneer Mormons in their domestic relations.

A GREAT INVESTMENT

It is not my intention to cumber this address with figures. One can be dull enough without the ponderous solemnity of statistics. But some figures are necessary to disclose the actual situation. If we include second tracks, yard tracks, and sidings, we have over 53,000 miles of railway in Canada. Down to the end of 1918, the Dominion, the Provinces, and the municipalities had given cash subsidies to the huge total of \$275,000,000, guarantees of \$345,000,000, and land grants of 44,000,000 acres. To this must be added cash grants to the Canadian Northern and Grand Trunk Pacific Railways and an obligation yet to be determined for the acquisition of the Grand Trunk System. The total capitalization in stock and bonds is \$2,000,000,000, while gross earnings of all Canadian railways in 1919 were \$382,976,901. Between 1899 and 1919, the ratio of operating expenses per train mile increased from 65.4 to 89.3, although the carload was raised from 15.37 tons in 1917 to 23.46 tons in 1919, and the train load from 260 tons to 442 tons. For reasons into which one need not enter in detail, the railways have been consolidated into two great systems, the Canadian Pacific system with a total, owned and controlled, mileage, of 18,859, and the Government system with a total mileage of 22,230. The Canadian Pacific Railway Company has over \$830,000,000 in cash invested in its railway property as against \$600,000,000 in outstanding securities, and money invested in an enterprise is entitled to earn interest whether it is represented by cash in the property or an outstanding obligation to the public. The roads which constitute the State system carry liabilities in bonds of

\$1,039,462,892, and in stock of \$372,648,071, although what proportion of the stock will constitute an actual liability has yet to be determined. It is estimated that the fixed charges of the State system will exceed \$50,000,000, while in 1919 the gross earnings were \$162,978,066 and the operating expenses \$167,020,217. For the year 1919, the deficit on the system was \$50,000,000; and it is believed that for this year the receipts of the National Railways will fall \$55,000,000 or \$60,000,000 below the expenditures. But these figures do not include interest charges for the National Transcontinental Railway nor for the old Intercolonial system. These roads have not kept their capital accounts as corporate roads are required to do. They show only the original cost of construction which was \$330,062,719. The interest charges, therefore, would be between \$13,000,000 and \$15,000,000. If this sum is added to the deficit of \$50,000,000 reported for the year ending June 30th, 1919, the total would be \$63,000,000. But even to that high total something must be added. Since the Government was obliged to go to the relief of the Canadian Northern and Grand Trunk Pacific, there have been advances to the Canadian Northern of \$140,145,930, to the Grand Trunk Pacific of \$96,224,651, and to the Grand Trunk of \$49,551,701, or a total of \$285,922,283. Even to this must be added the cost of Canadian Northern common stock, which with interest was \$37,129,433. Advances and stock purchases together give a total of \$323,051,716. The interest would average 5 per cent. or more. It is necessary, therefore, to add between \$16,000,000 and \$17,000,000 to the \$63,000,000, and to admit a total deficit of approximately \$80,000,000 under the system of accounting which a private railway must follow and which must be employed if the true situation is to be disclosed.

PUBLIC OWNERSHIP

Naturally we are chiefly concerned with the State system, for in the results of public operation the credit of the country is deeply involved. We have not acquired a great public railway system by the deliberate decision either of the Government or the people. It is a curious and striking fact that the people have never declared themselves in favor of Government ownership or Government operation of railways. In 1904 when the question was at least indirectly before the country the decision was clearly against State railways. It will be remembered that Sir Clifford Sifton in many of his speeches in the Western Provinces stated bluntly and boldly that those who were in favor of State railways had no alternative but to vote against the candidates of the Government. But the Government of which Sir Clifford Sifton was the spokesman had a majority of over 70 in the Dominion and of 15 in the four Western Provinces. It is true that the National Transcontinental Railway was constructed by government, but under a contract which gave a fifty year lease of the road to a private company with the right of renewal for a like period. If there were those who described the Transcontinental section of the Grand Trunk Pacific system as a concession to the advocates of public ownership there were other people who thought that the effect if not the object was to make public ownership impossible for a century. We all know that Sir Wilfrid Laurier was opposed to State railways and all the theories and projects of Socialists and Collectivists. He was peculiarly and invincibly an individualist, suspicious of the hand of the State in business and distrustful of all legislation which restrained private initiative, repressed the constructive genius of the natural architects of great enterprises, or discouraged the investment of private capital in adventurous

industrial and national projects. But through overbuilding, a period of depression, and the war in Europe, a situation finally developed in which it became necessary to make further heavy advances in cash and credit to the Canadian Northern and the Grand Trunk Pacific Railways, or to take possession of these roads and establish a great National Railway system. At least the Government believed there was no alternative that the people would sanction and, therefore, the lines were acquired and their obligations assumed and authority secured from Parliament to purchase the Grand Trunk and its connections in the older Provinces.

HEAVY ANNUAL DEFICITS

Thus, the Government has come into possession of 22,000 miles of railway, constructed with competitive objects, not designed to constitute a single system, and with the prospect for some years to come of large expenditures for equipment, rebuilding, extensions and terminals, and serious annual deficits in operation. In all this I have had no other object than to state the situation as it is in order that we may face the future with knowledge and understanding. All Canadian patriots must desire that success shall attend the great experiment upon which we have entered, and that neither the Government nor the Board to which the control of the National Railways has been committed shall be embarrassed by intemperate criticism or interested attack. One believes that the National system and the Canadian Pacific Railway will not seek to destroy each other nor compete as necessarily hostile forces, but that they will maintain the relation which would exist between two private companies legitimately concerned to protect and increase their own revenues, and rivals only in efficiency of organization and service.

In the United States the experiment in public ownership of railways produced a reaction which practi-

cally compelled the Government to restore the roads to the private companies. Despite material increases in freight and passenger charges and efforts at co-ordination from which substantial economies in operation were predicted, the deficits during the period of public control, as compared with the average returns under private operation and the amounts guaranteed to the companies totalled between \$800,000,000 and \$1,000,000,000. It may be that the test was not finally conclusive and that a state of war was not favorable to the experiment, but during the Presidential contest neither of the national parties appeared as the champion of government operation of railways, while unquestionably the results of State operation were among the chief causes of the remarkable public revolt against the Wilson Administration. There are also evidences of acute dissatisfaction in Great Britain over the methods and results of public control. Through Mr. Asquith the British Government pledged itself to reimburse the private companies for "deferred maintenance," for damage, and for deterioration. Mr. Austen Chamberlain, Chancellor of the Exchequer, declares that "Mr. Asquith gave the railways a blank cheque and left the present Government to pay the bill." The Government now offers to give the companies \$600,000,000 for "deferred maintenance," but they demand \$1,000,000,000. It seems that Mr. Lloyd George also promised the Railway Union that the workers should have a share in the management. The Ministry of Transport proposes that the roads shall be consolidated into seven groups and that each group shall have a Board of twenty-one directors. It is suggested that seven of these directors shall be shareholders, seven shall be shippers, and seven shall be employees. The Association of Railroad Companies, however, objects to Labor directors, while Mr. J. H. Thomas, speaking for the Union,

says: "We were promised a voice and a vote in the Boards of Directors and there will be a big fight if this promise is broken."

RECURRING DEFICITS

According to Mr. Herbert N. Casson, special correspondent of *The Wall Street Journal*, the railways are not strongly opposed to nationalization, but in effect they say to the Government, "either buy the railways or pay us our indemnity and leave us alone." By the British Railway Act of 1844, which seems to have contemplated ultimate public ownership, the Government has the right to buy the roads by paying 25 times the average profits. To this Mr. Casson thinks the companies would not object. Discussing the effects of government control, a writer in the *Trade Supplement* of the *London Times* says: "One result has been that all initiative on the part of railway companies has been paralysed; the public is deprived of reasonable facilities; rates and charges have advanced beyond all precedent or expectation, grossly falsifying the forecasts of responsible ministers; and the trading public has been driven into a state of exasperation which is now reaching a climax and threatens to bring the Ministry of Transport to an untimely end."

It seems that recurring annual deficits reached ultimately the great sum of £70,000,000, and it is alleged that because the railways were subsidized undertakings, rival or complementary forms of transport, like road motors and coastwise shipping, which had to charge rates that would cover working expenses, have been almost driven out of existence. The *Times*' writer does not declare definitely against nationalization, but insists that the railways shall be divorced from political considerations and handled on business principles. He contends that a reversion to the old policy of individual management and the free play of competition has been rendered difficult

through the deplorable results of a prolonged period of government control, and seems to think that a further increase of rates and fares cannot be avoided. Finally he asks: "Are the railways to be allowed the necessary measure of freedom to work out their own salvation after being almost ruined by the Government—or are they in future to be the sport of political parties?"

Probably the British Government would be very willing to restore the roads to the private companies if the difficulty over the representation of Labor on the Boards of Directors could be satisfactorily adjusted. But apparently the companies will not accept such representation except under actual coercion by Parliament. It is clear that in Great Britain as in the United States experiments in public control have not produced any great body of opinion favorable to government interference in business or in transportation. Nor can it be established that the railways of either country gave more efficient service during the war under public control than did those of Canada under private management. This is not submitted as evidence that the Canadian National Railways will not be economically and efficiently managed. Mr. Hanna and his associates are showing a resolute determination to keep the system "out of politics." They inherited a grave situation, and the whole disposition of the public is to say nothing and do nothing that will make their task more difficult. It must be remembered also that the action of the Government in Canada arose out of conditions which did not exist in the United States or in Great Britain.

ENORMOUS WAGE INCREASES

In Canada the whole problem has been made tremendously difficult by the enormous increases in wages. In 1910 the total annual payment in salaries and wages to railway employees was \$67,167,793; in 1914, \$111,762,972; in 1918, \$152,274,953;

and in 1919, \$208,939,995. For 1920 the total was probably \$250,000,000. In 1910 the ratio of salaries and wages to gross earnings was 38.61 per cent. and in 1919, 54.56 per cent. The hour basis for statistical purposes was not adopted until 1917, and it is, therefore, possible to give exact comparative increases to various classes of railway employees only between 1917 and 1919:—

	1917 cents	1919 cents
Section men	20.6	36.6
Machinists.....	42.2	68.5
Masons and brick- layers.....	35.0	58.5
Carpenters.....	30.4	58.1
Painters.....	29.6	59.7
Electricians.....	32.3	61.3
Car repairers.....	26.3	54.2
Despatchers.....	62.3	95.7
Telegraphers.....	30.8	60.8
Station agents.....	32.2	52.0
Road freight engineers	53.8	79.8
Road freight fireman..	36.4	60.7
Road freight conductors	48.3	67.8
Road freight brakemen	32.4	53.7
Passenger engineers..	68.8	101.7
Passenger firemen. ...	41.3	76.7
Passenger conductors.	58.9	79.8

GREAT ADVANCES IN COSTS

It will be seen that few railway employees now receive less than \$1,000 a year, while for the great bulk of the workers the annual earnings run from \$2,000 to \$3,000. Three awards, all closely associated with government control, explain the remarkable advances in wages in the United States and Canada. In order to avert a strike, on the American roads, Congress under the pressure of President Wilson enacted the Adamson law establishing an eight-hour day and materially increasing wages. This was followed by a second increase while Mr. McAdoo administered the American railways, and by a third award six months ago which gave a further advance of 21 per cent. or a total increase in wages of \$625,000,000 to the employees of

American railways. While it is not easy to obtain exact figures, probably it is not an exaggerated estimate to say that between 1917 and 1919 the total of railway wages in the United States increased between \$2,000,000,000 and \$2,500,000,000. The Railway Brotherhoods are international organizations, only 8 per cent. of whose members are employed in Canada, but naturally enough they insisted that the concessions secured through Washington for American railway workers should apply to the railways of Canada. It is estimated that as compared with pre-war scales the wage increases on Canadian railways represent a gross annual payment of \$135,000,000 or \$140,000,000, while comparatively the cost of supplies represents an additional annual expenditure of \$100,000,000. In six years the gross cost of operating Canadian railways has increased by \$240,000,000 or \$250,000,000, and yet there are those who denounce the Dominion Railway Commission for authorizing advances in freight and passenger charges. Even responsible commercial bodies assail the Commission as a creature of the railways and deny the necessity for rate increases. One wonders what would be the attitude of such organizations if merchants and manufacturers by order of governments were required to assume new obligations equal to 20 or 25 per cent. of their total income and yet were not permitted to increase selling prices to the public. Or what would be the attitude of farmers if their cost of production was substantially increased and advances in prices prohibited. It is true that there were rate increases on March 1st, 1918, of 15 per cent; on August 12th, 1918, of 25 per cent; and in 1920, of 40 per cent, with a subsequent reduction. But the significant fact is that the gross earnings of all the railways in 1919 were \$382,976,901, while wages alone for 1919 represented a total charge of nearly \$209,000,000, and for 1920 of prob-

ably \$250,000,000, as against \$111,762,972 in 1914.

ADEQUATE RATES ESSENTIAL

But various commercial and agricultural organizations and many public journals deliberately oppose increases in railway charges notwithstanding great advances in wages and in cost of supplies, in equipment and in every detail of operation. It is unfortunate that so much writing and speaking is designed to produce discontent and to excite emotion. The world does not need more emotion. It does need more sense. We have instructive illustrations of the effects of excessive public regulation in the experience of American railways. The expectation that Railway Commissions would not be unduly submissive to popular agitation has not been realized. Generally they are as unwilling as governments to breast an adverse public opinion. Hence in the United States, Commissions forced rates downward or refused to sanction increases until the roads could not maintain roadbed or equipment, or provide adequate terminals, and could not discharge their functions as public carriers with energy and efficiency. A bankrupt railway puts a blight upon every community it touches. It was a misfortune for the Grand Trunk and for Canada that for half a century its resources were inadequate for effective maintenance of its services, necessary extensions of the system, and reasonable dividends to its shareholders. It may be that for a long period the disadvantages under which it labored were due largely to absentee management, but highly as we should regard the services performed for Canada by the pioneer railway it is certain that with greater revenues and more complete equipment the country would have benefited, even if somewhat higher tolls had been laid upon the public. For the supreme consideration in transportation is prompt and efficient service, and this is im-

possible if rates fail to yield a margin of profit and earnings essential to provide the roadbed, rolling stock, equipment, and terminals, without which vigorous operation is impossible.

EQUALITY OF TREATMENT

When the railways of the United States were returned to the private companies it was found necessary to sanction material increases in freight and passenger charges, and guarantee a fund of \$500,000,000 or \$600,000,000 for the restoration of the roads to comparative efficiency. Not chiefly through the effects of the war, but through rising wages and higher costs of operation over a long period and denial of rate increases by the Interstate Commerce Commission, railway securities had become dubious investments and money could not be easily obtained to maintain the roads in complete efficiency and solvency. There is no doubt that the demoralization in transportation was a factor in increasing prices of coal and other commodities, in retarding the adjustment of industry to normal conditions, and in precipitating the depression and unemployment which are so prevalent in the neighbouring country. It is true that we have depression and unemployment in Canada, but the railway services are substantially unaffected; and we should not forget that when the war came and we all faced the future with profound apprehension, the Canadian Pacific Railway Company added hundreds of workers to its payroll and assisted materially to relieve distress and maintain confidence.

But it is said that whatever may be the necessities of the Canadian National Railways, the Canadian Pacific still has annual surpluses, and, therefore, over that system freight and passenger charges should not be increased. When Mr. Balfour was asked in Parliament if it was intended to levy any portion of

the cost of defending Ladysmith upon its inhabitants, he suggested that possibly it would be unwise to introduce a principle in war under which besieged communities would be required to consider whether it would be cheaper to be saved by their friends or sacked by the enemy. One doubts if the chief object of legislation or regulation should be to punish efficiency, or if it is a sound principle in business or government to destroy the surpluses of a prosperous private company because an unprosperous public enterprise returns annual deficits. If such a principle could have general application remarkable results would be produced and a surplus perhaps would come to be regarded as an evidence of miscalculation and mismanagement in the conduct of commercial enterprises. Moreover, without rate increases even the position of the Canadian Pacific must eventually become precarious and its capacity to serve the country be perilously impaired.

REVALUATION PROPOSALS

Mr. Crerar, the national leader of the United Farmers, supported by some powerful newspapers, suggests that the National Railways should be re-valued and the capitalization so reduced that the deficits on operation would disappear. Here again is a proposal which has infinite commercial possibilities, and carried to its extreme extent would enable any government to declare a year of Jubilee as political exigencies might require. There is no doubt that the National Railway system includes unnecessary duplication of mileage and stretches of road which may remain unprofitable for a generation. But there is also duplication of the tracks of the private company, and to that extent its revenues are impaired. Moreover, it is certain that neither the Grand Trunk nor the Grand Trunk Pacific nor the Canadian Northern could now be built for the amounts which have gone into their

construction. Possibly if we had now to build the National Trans-continental section which was constructed by government, the original cost would not be exceeded. Again, the common stock of the Canadian Northern Railway has been written down to ten cents on the dollar, while the common stock of the Grand Trunk Pacific has been extinguished. Nor will the Grand Trunk when it is taken over represent in its capitalization common stock to any excessive amount. Upon the cost of these railways the people will have to pay interest in rates or taxation, while if the charges go into taxation a permanent burden will be laid upon the working and professional classes in direct relief of shippers and producers whose goods and products provide the freight revenues of the railways. This last may not be a vital consideration, but at least an inequity arises which cannot fairly be ignored. On the other hand, if deficits increase on the National Railways through mismanagement, the intrusion of political considerations, or the difficulties and perplexities involved in co-ordinating a system which was constructed for competitive purposes, the country probably will require a reconsideration of the whole problem. But if public operation is justified by results, the national system will be secure and become a very valuable public possession. It must be insisted, however, that re-valuation in effect means to impose upon a private company some portion of the cost of governmental mistakes and miscalculations and to increase the public debt by the amount of reduction in valuation. Surely, no one can doubt that the spirit, capacity, and character displayed in the operation of the Canadian Pacific Railway constitute a national asset of high value, and any legislation which would deprive the Company of adequate revenues to maintain its position as perhaps the most efficient public carrier in the world, would be a general public

misfortune, would react disastrously upon all the interests and communities which it serves, and would damage the credit of Canada.

EXPANSION AND POLICY

From year to year we shall need new branch railways. It is conceivable that before many years have passed all the immense mileage which we have constructed will be crowded with traffic. We shall more easily realize this destiny if we profit fully by the energy, the efficiency, and the high constructive genius of the Canadian Pacific Railway and if commissions and governments are wise enough to afford the railways adequate revenues for the complete discharge of their functions as builders and consolidators of the Commonwealth.

It is vital also that we shall maintain a public policy which will reserve Canadian traffic for Canadian railways and send out the goods and products of the country to ultimate markets through Canadian seaports. Indeed, the necessity for such a national policy is peculiarly accentuated by the acquisition of a great system of State railways. In proportion as we increase the business of the National Railways we shall reduce deficits, lessen the burden of taxation, and improve the prospect of lower charges. If we direct traffic to American companies and drive trade from north to south instead of from east to west, we reduce the value of the national investment in railways and we compel the companies to raise the local charges on the residue of traffic which must pass between the Canadian Provinces and which must provide the bulk of the revenue for the carriers which we have created at such a great outlay of cash and credit. It is necessary, I repeat, to understand that either by rates or by taxation we must provide interest on the money which we have put into railways.

NEED OF IMMIGRATION

Sound national policy, therefore, demands that we develop the natural resources of the country, make these resources the basis of new industries around which industrial and commercial communities will grow, and take all practicable measures to provide local markets for Canadian producers in which farm products will fetch better prices than can be secured in markets far removed from the points of production. So, in order to multiply the tax bearers, it is necessary to encourage immigration, subject to such tests and restrictions as from time to time circumstances and conditions may require. No serious evils arise to any country from settlers who go upon the land if they are placed upon holdings which give a fair prospect of success. Primarily, perhaps, we should still concern ourselves with the settlement of the Western Provinces. But, henceforth, national rather than sectional considerations should prevail in plans of settlement and distribution of immigrants. There is a serious scarcity of farm labor in the older Provinces. In all these Provinces there are homesteads upon which farmers could be settled to their own great advantage and to the general advantage of the country. There should be closer co-operation between the Provincial Governments and the Federal Administration. We should not feel that we have discharged our full duty to the immigrant when he has been landed at St. John or Halifax or Quebec, or even when he has been carried to Montreal or Toronto or Winnipeg. There is a paternalism which is meddlesome and mischievous. But we can do nothing wiser than protect settlers in their first years in the country, advise in purchase of holdings and conditions of occupation, and instruct in the best methods of seeding and marketing. In most of the Provinces we have the machinery

for the performance of these duties, and this machinery can easily be made more intimate and more flexible if we fully realize the necessity for a greater rural population and the high national value of instruction and training for people from other countries who can have no exact knowledge of Canadian conditions and by wise and sympathetic oversight can be guarded against mistakes in location and unprofitable methods of production. There will still be failures, but the failures will be fewer and the promises so freely made to immigrants from other countries will be measurably redeemed. Nor should we be too ready to believe that what is sound policy for the United States is necessarily sound policy for Canada. A naval holiday would be good for the world. A holiday in immigration would not necessarily be good for this country. We need population; the United States does not. The attitude of Washington towards immigration gives us a power of selection which we would not have otherwise, but also compels a vigilance in selection which we dare not neglect. One hopes, however, that regulations can be devised in co-operation with Great Britain and other countries by which selection can be made chiefly at ports of embarkation in order that the inhuman method of deportation may seldom be obligatory upon the Canadian authorities. Immigration has a vital relation to the railways, since greater revenues for the transportation companies and lower freight and passenger charges must come chiefly through increase of population.

SYMPATHETIC CO-OPERATION

It may be that we have not yet found the final solution of the railway problem. Ultimately, one must believe, the people will find the solution which is in the best interest of Canada. In the meantime one hopes for sympathetic co-operation between the Canadian Pacific Rail-

way and the Government system. The public naturally regards too close association between corporations with suspicion. But there need be no public concern over the most complete understanding between the Government and the Canadian Pacific system. Those responsible for the direction of the National Railways can have no interest in any combination to secure profit at the expense of the public. They can have no other interest, if political considerations are excluded, than to give good service and secure earnings sufficient to avoid annual drafts upon the general body of taxpayers. There is no sound reason why this relation between the private railway and the national system should not be maintained; rates reduced by the Railway Commission as traffic permits; the public services co-ordinated, readjusted, and extended as experience suggests and changing conditions require; and the private company assured of adequate resources to maintain, improve, and extend its system, and provide adequate dividends to its shareholders and a fair return upon its great investments. There can be no gain to the railways, the Government, or the country in suspicion and conflict. There is, as has been said, immense advantage to the public in the singular efficiency and energy of the Canadian Pacific. There would be advantage, too, in a relation between the private system and the National Railways which would ensure united effort to develop the country. The final decision is with the people, and one cannot doubt that the Canadian Pacific Company, which has always been controlled not only by masters in railway organization and operation but by men of the stature of national statesmen, has no other desire than to co-operate in all measures for the true interest of the Commonwealth which are conceived in equity, which have no flavor of confiscation, and which do not defame the national reputa-

tion or impair the national credit. For the difficult situation which exists most of us have some responsibility, and while one emphasizes the obligation of the Government and the people to be just to the private company, it is just as necessary that the Government should have public sympathy in its handling of an onerous and complex problem and that we should all be more ready

to give praise than blame to those who are directly responsible for the organization and operation of the national railway service which so vitally affects the immediate outlook in Canada and which represents, when all is said, a sincere and patriotic endeavor to repair mistakes in public policy, protect the common credit, and serve the general interest.